

Exhibit A-3

Statement of Work

THIS STATEMENT OF WORK (the "SOW"), is made, entered into and effective January 1, 2012 (the "Effective Date"), by and between Dave Low ("Consultant") and California Physicians' Service d/b/a Blue Shield of California ("BSC"). This SOW shall be governed by the terms and conditions of the Consulting Agreement by and between Consultant and BSC dated January 1, 2009, as amended (the "Agreement").

1. Services

- 1.1 Overview. Consultant will assist BSC's CalPERS business unit in support of CalPERS member group's key initiatives and proposals.
- 1.2 Services. Consultant shall provide the following services to BSC (the "Services"):
- A. Provide strategic information to increase BSC's understanding of CalPERS direction and position on key initiatives and proposals.
 - B. Advise and assist BSC in gaining CalPERS Board and constituent support for key initiatives and proposals.
 - C. Advise BSC of CalPERS Board, staff and constituents dynamics.
 - D. Assist BSC in its efforts to expand interactions with key decision makers and influencers of other non-CalPERS contracting public agencies.
- 1.3 Term. Consultant shall begin providing the Services under this SOW on January 1, 2012, and Consultant will complete all Services and provide all Deliverables no later than December 31, 2012. Unless otherwise terminated earlier pursuant to the terms of the Agreement, this SOW will terminate on completion of all Services, including final acceptance of all Deliverables.

2. Points of Contact

- 2.1 The BSC point of contact for this SOW is:

Name: Thomas McCaffery

[REDACTED]

- 2.2 The Consultant point of contact for this SOW is:

Name: Dave Low

F [REDACTED]
E [REDACTED]

3. Fees

In consideration of the Services and Deliverables, Consultant will be paid a fixed fee of Ten Thousand and 00/100 Dollars (\$10,000.00) per month which will be the total payment for all labor, materials, taxes, and equipment (the "Fixed Fee"). The Fixed Fee may be invoiced by Consultant on a monthly basis.

4. Reimbursable Expenses

The total of all Reimbursable Expenses authorized under this Agreement shall not exceed Five Thousand and 00/100 Dollars (\$5,000.00).

BSC shall reimburse Consultant for expenses which have been approved by BSC in writing, in advance. All reimbursable expenses directly incurred by Consultant in the performance of its Services under this SOW shall be reasonable, ordinary and necessary, shall be billed at cost and shall be in conformance with the requirements attached hereto as Schedule 1.

5. Total SOW Maximum

The dollar amount payable to Consultant by BSC for Services and Deliverables under this SOW shall not exceed One Hundred Twenty Five Thousand and 00/100 Dollars (\$125,000.00) (the "Total SOW").

Maximum"), without prior written authorization by BSC in the form of a written Amendment signed by both parties.

6. Invoice Payment

Costs for Fee(s) and Reimbursable Expense(s) shall be invoiced separately.

a. Fees

For payment of Fees, Consultant will furnish BSC with invoice(s) in accordance with Section 4 which, if valid and undisputed by BSC, will be paid within forty-five (45) days of receipt of such invoice. In the event that BSC issues payment for an invoice within ten (10) days of receipt of such invoice, Consultant agrees that BSC shall be entitled to deduct two percent (2%) of the aggregate amount of such invoice as a prompt-payment discount.

Each invoice shall provide a description of the Service(s) being invoiced.

b. Reimbursable Expenses

For payment of Reimbursable Expenses, Consultant will furnish BSC with invoice(s) in accordance with Section 5 which, if valid and undisputed by BSC, will be paid within forty-five (45) days of receipt of such invoice.

Each invoice shall provide a description of the expense(s) being invoiced

All invoices must contain the following information:

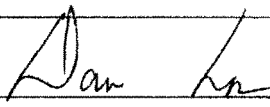
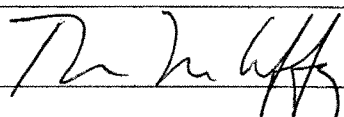
- Agreement or SOW Number associated to the invoice;
- Project name/phase;
- Milestone or Deliverable associated with invoiced Fee;
- Name of the BSC cost center owner; and
- Project information - Purchase Order number, cost center, project number & account number;

- c. Consultant shall send invoices containing the BSC Contract Number and Purchase Order Number for each payment when due to:

Blue Shield of California
Attn: Accounts Payable
P.O. Box 193974
San Francisco, CA 94119-3974

With a copy to the BSC point of contact identified in Section 2, above.

IN WITNESS WHEREOF, the parties have executed this SOW effective on the date and year first set forth above.

DAVE LOW ("CONSULTANT")	CALIFORNIA PHYSICIANS' SERVICE d/b/a BLUE SHIELD OF CALIFORNIA ("BSC")
Signature: 	Signature: 
Printed Name: DAVE LOW	Printed Name: Tom McCaffery
Title: CONSULTANT	Title: Vice President
Date: 4/7/12	Date: 4/10/12

**Amendment No. 2
To the Consulting Agreement**

This AMENDMENT No. 2 (the "Amendment"), is made, entered into and effective as of January 1, 2012 (the "Effective Date") by and between California Physicians' Service d/b/a Blue Shield of California ("BSC"), with its principal offices located at 50 Beale Street, San Francisco, CA 94105 and Dave Low ("Consultant"), [REDACTED] and hereby amends the Consulting Agreement by and between BSC and Consultant dated January 1, 2009 ("the Agreement").

WHEREAS, the parties desire to amend the Agreement as further set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties to this Amendment, and for the conditions and promises set forth herein, BSC and Consultant hereby agree to amend the Agreement as follows:

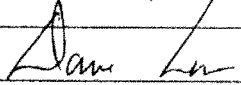
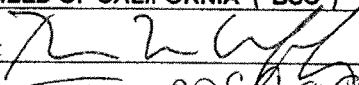
The following language is hereby added to the Agreement as a new Section 32:

- "32. Consultant represents and warrants to BSC that:
- A. Neither Consultant nor any current or former spouse or immediate family member of Consultant has any financial or familial relationships with a current or former board or staff member of CalPERS; and
 - B. Consultant has not at any time during the twelve (12) month period immediately preceding the effective date of any SOW, directly or indirectly, given or offered to any current or former board or staff member of CalPERS any payment, gift, loan, or other thing of value, including, without limitation, cash, meals, travel, awards, campaign contributions, charitable donations, and/or reimbursements.
 - C. Consultant shall notify BSC in writing no more than seven (7) calendar days following the date that Consultant becomes aware, or should have become aware, that any representation and warranty made above is or becomes inaccurate, untrue, incomplete or misleading in any material respect. Notwithstanding anything in the Agreement or any SOW to the contrary, BSC may terminate this Agreement immediately in the event that Consultant fails to so notify BSC.
 - D. This Section 32 shall survive any termination or expiration of this Agreement for a period of one (1) year."

This Amendment may be executed in multiple counterparts, and counterpart signature pages may be assembled to form a single, fully executed document. Capitalized terms not otherwise defined in this Amendment shall have the same meanings ascribed to them in the Agreement.

If there is any conflict or inconsistency between this Amendment and the Agreement, the provisions of this Amendment shall control and govern. Except as otherwise amended by this Amendment, all of the terms and conditions of the Agreement will remain the same and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed this Amendment by their duly authorized representatives as of the Effective Date.

DAVE LOW ("CONSULTANT")	CALIFORNIA PHYSICIANS' SERVICE d/b/a BLUE SHIELD OF CALIFORNIA ("BSC")
Signature: 	Signature: 
Printed Name: DAVE LOW	Printed Name: TOM McCaffery
Title: CONSULTANT	Title: Vice President
Date: 4/7/12	Date: 4/11/12

**Amendment No. 1
To Exhibit A-3 to the Consulting Agreement**

This AMENDMENT No. 1 (the "Amendment"), is made, entered into and effective as of May 1, 2012 (the "Effective Date") by and between California Physicians' Service d/b/a Blue Shield of California ("BSC"), with its principal offices located at 50 Beale Street, San Francisco, CA 94105 and Dave Low ("Consultant"), [REDACTED], and hereby amends the Consulting Agreement by and between BSC and Consultant dated January 1, 2009 ("the Agreement").

WHEREAS, the parties desire to amend the Agreement as further set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties to this Amendment, and for the conditions and promises set forth herein, BSC and Consultant hereby agree to amend the Agreement as follows:

1. Section 1.1, Overview, of Exhibit A-3 to the Agreement is hereby deleted and replaced in its entirety by the following:

"1. Services

- 1.1 Overview. Consultant will assist BSC's CalPERS sector in support of key BSC initiatives and proposals that advance CalPERS' cost and quality goals."

2. Section 1.2, Services, of Exhibit A-3 to the Agreement is hereby deleted and replaced in its entirety by the following:

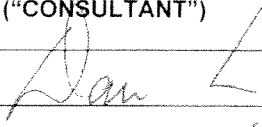
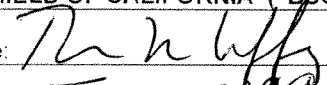
"1.2 Services. Consultant shall provide the following services to BSC (the "Services"):

- A. Provide strategic information to improve BSC's understanding of CalPERS' short and long term direction and goals.
- B. Identify ways for BSC to gain a better understanding of CalPERS' and CalPERS constituents' perspective on healthcare costs, industry trends, and BSC proposals and initiatives.
- C. Assist BSC in its efforts to gain a better understanding of the health care coverage needs of public sector purchasers of healthcare in general."

This Amendment may be executed in multiple counterparts, and counterpart signature pages may be assembled to form a single, fully executed document. Capitalized terms not otherwise defined in this Amendment shall have the same meanings ascribed to them in the Agreement.

If there is any conflict or inconsistency between this Amendment and the Agreement, the provisions of this Amendment shall control and govern. Except as otherwise amended by this Amendment, all of the terms and conditions of the Agreement will remain the same and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed this Amendment by their duly authorized representatives as of the Effective Date.

DAVE LOW ("CONSULTANT")	CALIFORNIA PHYSICIANS' SERVICE d/b/a BLUE SHIELD OF CALIFORNIA ("BSC")
Signature: 	Signature: 
Printed Name: DAVE LOW	Printed Name: Tom McCaffery
Title: CONSULTANT	Title: Vice President
Date: 5/14/12	Date: 5/25/12